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MILK MARKET INFORMATION  
CHATTANOOGA TENNESSEE MARKETING AREA  
MAY 1960

JUN 21 1960

Number 10

Volume 4

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS  
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee  
J. B. McCroskey, Market Administrator

MARKET SUMMARY MAY 1960

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. Pool plants for milk testing 4.0% are: Base Milk \$4.96, Excess Milk \$3.02. The butterfat differential is 7.2 cents for each one-tenth of one percent above or below 4.0%.

During May 74.6% of the total producer milk was priced in Class I at \$5.34 per cwt. with a butterfat differential of 7.5 cents and 25.4% was priced in Class II at \$3.06 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 75.0% and 64.7% respectively. Base milk was 88.0% and excess milk was 12.0% of the total producer deliveries. All excess milk and 15.2% of base milk was priced in Class II and 84.8% of base milk was priced in Class I.

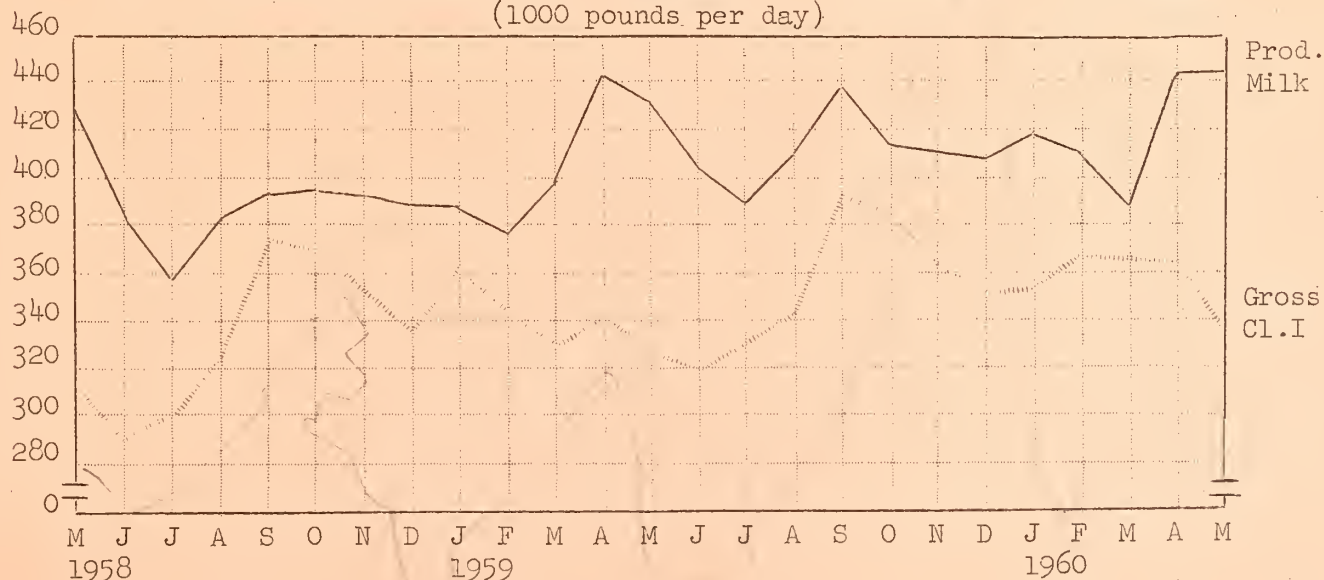
The daily average deliveries of producer milk during May increased 0.1% compared with April and increased 2.4% compared with May 1959. The daily average use of Class I milk decreased 7.8% compared with April and increased 2.0% compared with May 1959. The daily average base delivered was 93.7% of the established base.

MILK SAMPLES TESTED - Composite 164, Fresh 5,905, Finished Products 219.

NUMBER OF FARM PAYROLL ACCOUNTS

	1959							1960					
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Can	362	343	311	264	246	218	203	198	185	178	167	164	162
Tank	380	395	418	478	486	503	513	515	528	526	534	538	535
TOTAL	742	738	729	742	732	721	716	713	713	704	701	702	697
New	1	0	0	20	5	4	2	3	5	1	0	3	0
Quit	2	4	9	7	15	15	7	6	5	10	3	2	5

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION  
(1000 pounds per day)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	May '60 19	Apr. '60 19	May '59 19
Number of Plants (Pool and Non-Pool)			
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	80,543	78,831	183,963
Producer Milk - Bulk Tank	363,562	364,798	249,556
Total Producer Milk Pounds	444,105	443,629	433,519
% May '60 compared with:	100.0	100.1	102.4
Other Source Milk Pounds	8,043	9,555	10,406
Other Order Milk Pounds	8,394	4,629	25,651
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>460,542</u>	<u>457,813</u>	<u>469,576</u>
% May '60 compared with:	100.0	100.6	98.1
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	275,979	302,892	272,380
Buttermilk	38,324	41,595	38,453
Chocolate Milk	7,686	7,985	6,834
Fluid Skim	9,410	10,048	7,687
Fluid Creams	2,866	2,391	2,630
Bulk to Non-Handlers	803	469	707
Class I Shrinkage	1,723	1,622	1,049
Inventory Reclass.	(828)	(2,849)	(558)
Overstated Sales	(42)	-	-
Total Class I Milk	335,921	364,153	329,182
% May '60 compared with:	100.0	92.2	102.0
Class II Milk Pounds (Used to Produce)			
Butter	7,371	3,102	1,610
Cottage Cheese	12,445	16,287	12,747
Powdered and Condensed Milk	67,318	39,457	87,116
Ice Cream	25,391	24,909	30,159
Inventory Variation	2,177	2	(1,283)
Other	9,919	9,903	10,045
Total Class II Milk	124,621	93,660	140,394
% May '60 compared with:	100.0	133.1	88.8
<u>TOTAL UTILIZATION CL.I AND CL.II MILK LBS.</u>	<u>460,542</u>	<u>457,813</u>	<u>469,576</u>
% Producer Milk of Gross Class I	132.2	121.8	131.7
% Delivered Base of Gross Class I	116.4	108.0	112.5
% Delivered Base priced in Class I	84.8	91.4	80.9
% Producer Milk Priced in Class I	74.6	81.0	69.1

JUNE 1960 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	June '60	May '60	June '59
Basic Formula (See page 4)	\$3.36	\$3.39	\$3.34
Plus (\$ 1000.51 (a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	0.12	0.20	(0.04)
Class I Price, 4.0% Butterfat	\$5.23	\$5.34	\$5.05

Per \$ 100.51 (a)

Supply-Demand Comparison: 1st and 2nd preceding months: April and May	
Supply: Lbs. Producer Milk (Apr. 13,308,872 and May 13,767,246)	27,076,118
Demand: Lbs. Net Class I Milk (Apr. 10,882,101 and May 10,310,739)	21,192,840
Utilization Percentage: Producer milk divided by Class I	128
Standard Utilization Percentage: Range 134 - 138	134
Net Deviation Percentage: Utilization minus Standard Utilization	minus 6
Supply-Demand Adjustment: 2 cents x 6 percentage points	plus \$0.12

Since the supply in relation to the demand is less than the desired standard, the price is increased 12 cents per hundredweight (2 cents x 6 percentage points).



## SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR MAY 1960

Based on 19 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test %	Cwt. Price @ Test	Value
Gross Class I		10,413,545	3.582		
Less Other Source		142,786	1.918		
Producer Milk Class I	74.6	10,270,759	3.604807	\$5.043605	\$518,016.51
Gross Class II		3,863,262	5.491		
Less Other Source		366,775	2.645		
Producer Milk Class II	25.4	3,496,487	5.789354	4.258867	148,910.73
TOTAL PROD.(CL.I + CL.II)	100.0	13,767,246	4.159619		666,927.24
Add Compensatory Payment Value					320.67
Add Overage Value					42.80
Add Inventory Reclassification Value					501.22
Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve					5,408.04
TOTAL VALUE AT TEST		13,767,246	4.159619		673,199.97
Less Test Over 4% @ 7.2¢ per point		13,767,246	.159619	0.114926	15,822.15
TOTAL PRODUCER MILK VALUE AT 4% TEST		13,767,246	4.0		657,377.82
		Pounds	Price 4%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,650,771	\$3.06	\$50,513.59	
Total Excess Producer Milk		1,650,771	3.06	50,513.59	
Less Pro.-Settlement Fund Res. @ 4¢		1,650,771	.04		660.31
UNIFORM EXCESS PRICE f.o.b. plant @ 4%		1,650,771	3.02		49,853.28
Value of Base Milk (Total less Excess)		12,116,475	5.008587		606,864.23
Less Producer-Settlement Fund Reserve		12,116,475	.048587		5,887.03
UNIFORM BASE PRICE f.o.b. PLANT-4%		12,116,475	\$4.96		\$600,977.20

MAY 1960 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT  
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICE		TEST %	PRICE		TEST %	PRICE	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0%	\$4.24	\$2.30	4.0%	\$4.96	\$3.02	5.0%	\$5.68	\$3.74
3.05	4.276	2.336	4.05	4.996	3.056	5.05	5.716	3.776
3.1	4.312	2.372	4.1	5.032	3.092	5.1	5.752	3.812
3.15	4.348	2.408	4.15	5.068	3.128	5.15	5.788	3.848
3.2	4.384	2.444	4.2	5.104	3.164	5.2	5.824	3.884
3.25	4.42	2.48	4.25	5.14	3.20	5.25	5.86	3.92
3.3	4.456	2.516	4.3	5.176	3.236	5.3	5.896	3.956
3.35	4.492	2.552	4.35	5.212	3.272	5.35	5.932	3.992
3.4	4.528	2.588	4.4	5.248	3.308	5.4	5.968	4.028
3.45	4.564	2.624	4.45	5.284	3.344	5.45	6.004	4.064
3.5	4.60	2.66	4.5	5.32	3.38	5.5	6.04	4.10
3.55	4.636	2.696	4.55	5.356	3.416	5.55	6.076	4.136
3.6	4.672	2.732	4.6	5.392	3.452	5.6	6.112	4.172
3.65	4.708	2.768	4.65	5.428	3.488	5.65	6.148	4.208
3.7	4.744	2.804	4.7	5.464	3.524	5.7	6.184	4.244
3.75	4.78	2.84	4.75	5.50	3.56	5.75	6.22	4.28
3.8	4.816	2.876	4.8	5.536	3.596	5.8	6.256	4.316
3.85	4.852	2.912	4.85	5.572	3.632	5.85	6.292	4.352
3.9	4.888	2.948	4.9	5.608	3.668	5.9	6.328	4.388
3.95	4.924	2.984	4.95	5.644	3.704	5.95	6.364	4.424

## SUMMARY OF CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
May '59	\$4.36 2/	\$4.59	\$2.99	7.2¢	\$4.97	7.5¢	\$3.03	6.7¢
June	4.46 2/	4.67	2.99	7.2	5.05	7.5	3.03	6.7
July	4.61 2/	4.83	2.99	7.2	5.10	7.5	3.03	6.7
Aug.	4.58	-	-	7.4	5.10	7.5	3.04	6.9
Sep.	4.77	-	-	7.6	5.04	7.8	3.57	7.2
Oct.	4.94	-	-	8.0	5.14	8.2	3.59	7.2
Nov.	5.08	-	-	7.8	5.36	8.1	3.67	7.4
Dec.	5.12	-	-	8.0	5.48	8.3	3.57	7.1
Jan. '60	4.96	-	-	7.6	5.34	8.0	3.38	6.7
Feb.	4.96	-	-	7.2	5.26	7.5	3.21	6.7
Mar.	5.07 2/	5.18	3.15	7.4	5.25	7.5	3.19	6.7
Apr.	4.93 2/	5.18	3.05	7.2	5.40	7.5	3.09	6.7
May	4.73 2/	4.96	3.02	7.2	5.34	7.5	3.06	6.7
June	-	-	-	-	5.23	7.5	-	-

## SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS				Highest or Basic Formula
	Mid-West	Chi.92 <sup>o</sup>	Chi.Area	Wisc.	(\$-cwt-4%)				
	Cond.	Butter	Powders	Cheese	Mid-West	Butter	Butter	4 Tenn	
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.	Cond.	Cheese	Powder	Milk Mfg.	\$-cwt-4%
May '59	2.918	57.905	12.800	31.100	3.28	3.14	3.34	3.03	3.34
June	2.908	57.974	12.600	31.000	3.27	3.14	3.35	3.03	3.35
July	2.933	58.026	12.645	31.100	3.29	3.14	3.35	3.03	3.35
Aug.	2.965	60.190	12.820	31.531	3.34	3.24	3.45	3.04	3.45
Sep.	3.015	62.730	12.890	31.692	3.39	3.36	3.57	3.10	3.57
Oct.	3.098	62.360	13.070	31.875	3.50	3.35	3.59	3.13	3.59
Nov.	3.146	63.930	13.025	33.688	3.54	3.45	3.67	3.18	3.67
Dec.	3.154	61.870	13.190	34.750	3.55	3.38	3.57	3.20	3.57
Jan. '60	3.128	57.962	13.250	34.750	3.51	3.20	3.38	3.21	3.51
Feb.	3.119	57.976	13.205	34.750	3.48	3.20	3.38	3.21	3.48
Mar.	3.095	57.970	13.070	34.750	3.47	3.20	3.38	3.19	3.47
Apr.	3.032	57.974	12.975	32.350	3.39	3.16	3.35	3.09	3.39
May	2.998	57.944	12.800	32.000	3.36	3.15	3.34	3.06	3.36

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS MILK POUNDS 3/					Number		Deliveries Per			Prod.
	Gross Cl. I	Prod. Cl. I.	Prod. Repts.	Base Repts.	Gross Repts.	of Hdlr.	Prod.	Farm -- Pounds	Base	Exc.	Milk Test %
May '59	329,182	299,433	433,519	370,297	469,576	19	742	584	499	85	4.12
June	320,140	290,413	404,243	354,261	440,588	19	738	548	480	68	4.11
July	331,541	301,520	390,727	343,678	427,610	19	729	536	471	65	4.10
Aug.	342,026	311,661	411,167	-	447,707	19	742	554	-	-	4.07
Sep.	393,150	362,439	438,703	-	475,704	19	732	599	-	-	4.13
Oct.	387,831	374,731	415,281	-	436,355	19	721	576	-	-	4.30
Nov.	361,259	349,558	410,745	-	429,673	19	716	574	-	-	4.46
Dec.	353,852	349,128	409,090	-	423,765	19	713	574	-	-	4.45
Jan. '60	356,702	352,740	418,024	-	428,067	19	713	586	-	-	4.41
Feb.	366,497	359,974	411,811	-	428,184	19	704	585	-	-	4.39
Mar.	365,221	360,667	388,663	369,057	412,087	19	701	554	526	28	4.43
Apr.	364,153	359,231	443,629	393,158	457,813	19	702	632	560	72	4.18
May	335,921	331,315	444,105	390,854	460,542	19	697	637	561	76	4.16

1/ Excludes Premiums

2/ For statistics only

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I; Excess is Producer minus Base

UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Service  
Dairy Division  
CHATTANOOGA TENNESSEE MILK MARKETING AREA  
Federal Order No. 100

DAIRY COUNCIL AND AMERICAN DAIRY ASSOCIATION DEDUCTIONS

The Market Administrator received on June 8, 1960 the following request from the Chattanooga Area Milk Producers Association:

"Whereas, A determination was made by the Market Administrator in June 1959 that there was no substantial opposition by milk producers to the making of deductions for the support of the Dairy Council and the American Dairy Association in the Chattanooga area, and,

"Whereas, The Chattanooga Area Milk Producers Association, representing a substantial number of milk producers, continues to endorse and commend these programs, and,

"Whereas, The individual milk producer may, by written request, prevent the deductions if he does not desire to cooperate, and,

"Whereas, It is important that all Chattanooga dairymen be offered the opportunity to collectively continue supporting these educational, advertising, merchandising, research and public relations programs,

"Now, Therefore, Be It Resolved, That the Chattanooga Area Milk Producers Association request that the Market Administrator renew or continue the determination that there is no substantial opposition by milk producers in the Chattanooga area to making deductions for the support of the Dairy Council and American Dairy Association.

"Be It Further Resolved, That if the Market Administrator renews or continues the determination referred to in the preceding paragraph, deductions of 1 cent per hundredweight for Dairy Council and 2 cents per hundredweight for American Dairy Association be continued until further action by the Board."

Pursuant to the Chattanooga Area Milk Producers Association's resolution, a review of current producer deductions, and other means, the Market Administrator hereby determines there is no substantial opposition to these programs by milk producers in the Chattanooga area. It is possible, under this determination, for handlers to cooperate with the Dairy Council and American Dairy Association programs by making specific hundredweight deductions from their payments to milk producers (1¢ DC and 2¢ ADA), provided the handler gives each producer advance notice of his intentions to make these deductions for one year beginning July 1960. All handlers are advised not to make the "set aside" if a producer writes requesting that no deduction be made.

/s/ J. B. McCroskey  
Market Administrator

Date: June 10, 1960



